



RPC Monthly Newsletter

Still waiting for concrete water decisions...

Market Update

The recent slowing of export demand coupled with relatively tight stocks has made for a quiet "old crop" cash market. The discrepancy between California rice assessments and USDA stock forecast suggests that although paddy has sold it has not been milled or exported. This means that some marketers have established long positions with the intention of supplementing their 2014 supplies. In short, those that have taken those positions believe that 2013 prices will be cheaper than 2014 prices.

It should be noted that while some are clearly long, some are also short. Looking to the recent 2014 cash sales we can see that the market is already ranging from \$18.00-\$19.50 per cwt over loan. This may not be as bullish as it sounds. Typically this time of year is marked by Middle Eastern exports and sales and even some tender business. This year however, those traditional late season buyers seemed to have headed for the hills due to the high prices. Having passed the price threshold for many destinations, importers are now looking to Jupiter varieties along with other substitutes. The Calrose ceiling for the first times years will be partially set by Jupiter prices and availability. Currently new crop Jupiter is trading at about \$8.00-\$9.00 per.

The 2014 marketing year will be one of the more complex marketing years in several years. Although it is inherently bullish there are some critical factors to follow in order to make some timely cash sales.

CHINA UPDATE:

After several months of a stand still there isn't much to report. Currently the Chinese are awaiting the return of the protocol draft from the US rice industry. The US rice

industry had communicated with APHIS in China on multiple occasions informing them that the protocol would be on their desks soon, but that was a couple of months ago.

On a recent trip to China, the California Rice Producers Group learned that the protocol was now in its final stage. After several years of countering and refining the protocol's language it seems that its success and approval will come down to the issue of trapping. While the trapping for pests is repetitive since all rice is fumigated thereby eliminating any existing pests, it is a still a requirement. If this was an exclusive requirement being asked of the US, the US would have at least some leverage or negotiating power, however, this is a requirement that China mandates from every origin that currently has an approved export protocol with them.

Recently Japan finalized their export protocol with China and has since been actively exporting to them. Knowing that Japan's rice prices are some of the highest in the world and yet China is still sourcing rice from them would suggest that if rice trade between the US and China were to open there would be plenty of business to be had.

In a year where California fundamentals justify the current prices yet the current prices exceed the tolerance of several importing countries a market like China could provide a lot of security. If Calrose customers begin to substitute their needs with Jupiter or other varieties like Swarna, the California market could rely on China, a market that has proven to be quite insensitive to prices.

It is extremely important to lobby for trade to open by pressuring those that currently have the protocol on their desks to accept the terms and commence business.

Chairman's Report

Except for water, things look good for 2014 rice crop if you were one of the lucky ones to have enough water. The market is strong and should get even stronger in the next few months.

We all forget about supporting your grower group (RPC) when prices are good—but it is important to remain involved in good markets and bad ones. We are still on the job looking out for the growers welfare. We represented you again on a national level as we do every year by attending and participating in the USRPA annual meeting. This year it was in Lake Charles Louisiana. We also represent you each year in Washington D.C. by sending a California representative with USRPA.

I hope you as a member are getting our newsletter via email and/or mail. If you are not please let us know .You can visit our web site at www.calriceproducers.org and you can get caught up on past issues of our new and improved newsletter.

Here is a brief report of acres in the other states .

- **Arkansas:** medium grain acres up 60 to 70 % from last year . Total rice acreage up from 1,000,000 acres last year to 1.3 to 1.4 million acres . Had a lot of preventive planting acres in 2013.
- **Louisiana:** total acres 500 thousand acres, of that 10 to 20 % Jupiter medium grain .
- **Missouri:** late start planting about a month late . 150 thousand acres in 2013 , this year 175,00 acres. No medium grain planted , couldn't get seed .
- **Texas:** 140,000 total acres, of that 105,000 commercial 35,000 seed organics , 3 to 5 thousand Jupiter medium grain. Lower yields expected this year .

Hope your harvest goes well and you get the good prices for your rice you deserve. Please keep supporting us even in the good times . We are working hard for you and hope soon to have the Chinese market open , as your Grower groups(RPC / USRPA) are working hard to make this happen.

Sincerely,

Chris Capaul, Chairman